

PREDICT – Guiding policies and best practices for engagement with in-country implementing partners and collaborators

Last updated: March 20, 2017

The following guidelines have been developed by PREDICT's Operations Management team to support all Consortium partners and their collaborating partners with effective and compliant project implementation. These guidelines are provided in support of teams achieving their deliverables while also remaining in US federal compliance and as an additional resource to ensure due diligence in implementing and monitoring subawards and subcontracts with collaborators in accordance with USAID desired practices. Please also see *Appendix 1 – the UC Davis Office of Research, Sponsored Programs Mini-audit Questionnaire and Appendix 2 – Recipient Control Environment Assessment Checklist (ADS 591 sab)*.

Appendix 1 of this document is an internal “mini-audit” form that UC Davis uses to determine an organization’s fiscal responsibility and evaluate risk for its subrecipients. Going forward, this form needs to be completed for any new subawards issued under your PREDICT subawards. I would also recommend that this form be completed for each of your subrecipients on an annual basis as part of your organization’s standard subrecipient monitoring procedures. Please see 2 CFR 200.331 for additional information regarding requirements for pass-through entities.

Appendix 2 of this document is a “Recipient Control Environment Assessment Checklist” developed by USAID to determine the level of monitoring necessary for foreign governmental entities and parastatals in their use of U.S. foreign development aid. This checklist is specifically referenced in the required Determinations & Findings document for new subcontract approvals and should be used for any foreign governmental entities/parastatals you wish to procure services from. I would also recommend that this checklist be completed for any non-foreign governmental entity you intend to procure services from as a best practice.

This document will continue to evolve, adding additional guidance as needed to address unforeseeable issues that arise.

Please contact the PREDICT Operations Management team with any questions
predict@ucdavis.edu

Best practices for determining whether costs are allowable

All PREDICT Consortium partners should have a mechanism in place to ensure that all expenses (including those billed by subrecipients) and associated supporting documentation are reviewed in detail by their organization’s administrative or financial management lead, who will ensure the expenses are allowable in accordance with the applicable cost principles (2 CFR 200), allocable and reasonable based on project objectives, and in alignment with the approved project budget. Appropriate supporting documentation materials include (but are not limited to) vendor invoices and quotes,

departmental purchase requests and order forms, packing slips, receipts, employee labor reports, and subrecipient and subcontractor invoices. All internal approvals required for procurement or travel should be documented and included in the supporting materials. USAID approvals required for international travel and equipment purchases (including those billed by subrecipients) should also be verified before costs are billed to project funds. In addition, each in-country team should discuss desired best practices for country partner management and make all attempts to comply. Requests from Missions that differ from ongoing PREDICT best practices or those that are not readily achievable should be brought to the attention of the PREDICT Executive Board immediately.

Best practices for development and management of subawards and subcontracts

Each Consortium partner should strive to frequently communicate project management expectations regarding appropriate business practices and ethical behavior and enforce best practices through regular staff and project team meetings with all collaborators, regardless of geographic or social distance.

In order to ensure compliance with all applicable federal and established organizational policies and procedures, individual portions of the project should be specifically assigned (wherever possible) for oversight to one individual who is trained in detail and very knowledgeable in federal and organizational compliance for that aspect of the program (e.g. administrative or financial management lead, travel coordinator, purchasing assistant). Each of these individuals is responsible for overseeing all activities (including those of subrecipients) in her/his area of oversight. In addition, the administrative or financial management lead should thoroughly review subrecipient and subcontractor budgets and invoices to ensure supporting documentation is sufficient and that all amounts billed are allowable, allocable, and appropriate in accordance with the approved budget.

Though a commonly-accepted practice in many countries, salary supplements or “top ups” for staff of foreign governmental entities or parastatals are **NOT ALLOWED**. Supplementing or “topping up” existing salaries by paying a salary rate above the individual’s pre-project pay rate or by receiving compensation from the project above and beyond their established 100% level of effort (LOE) compensation is prohibited. If governmental/parastatal employees are to be engaged in PREDICT activities, the Consortium partner managing the in-country activities must secure written permission from the supervising ministry acknowledging that their employee(s) is participating in the project and that the ministry or department is supportive of the employee spending time on the project. If payment for government/parastatal employees is to be provided by PREDICT, a subaward or subcontract detailing the financial relationship with the ministry should be put in place to facilitate payment and document that written permission was obtained. Government/parastatal employees should not be paid through individual contracts or agreements. As always, all new subawards and government/parastatal subcontracts must go through necessary USAID review before being executed.

For all project participants, each Consortium partner is responsible (via the administrative or financial management lead or other appropriate mechanism) for ensuring all employees are hired in accordance with all applicable US federal and host country laws and regulations. Partners are responsible for verifying that local salaries are being set at appropriate levels and fringe benefits are being billed using established and documented organizational rates. Salary rates should be verified by recent pay

stubs, established pay scales, or other appropriate documentation prior to budgeting or allowing individuals to engage in PREDICT project activities to ensure correct salary rates are used when budgeting and establishing new subawards or negotiating rates for new subcontracts. Partners should also take care to very clearly explain that the project will pay for a portion of each employee's time for their work on the project (not to exceed 100% LOE inclusive of non-PREDICT duties, except where specifically permitted by law and approved as exception).

Procedures for monitoring compliance with federal awards and to identify unusual or unexpected results that could indicate potential fraudulent manipulation

Each Consortium partner's administrative or financial management lead should plan to review project account ledgers monthly to ensure that expenses incurred are tracked against approved project budgets and to identify variances and unusual or unexpected activity to facilitate immediate corrective action (if needed). Monthly subrecipient expense reports/invoices should be reviewed to ensure billings are appropriate in accordance with approved budgets and that all required approvals from the sponsor are obtained before expenses are charged to project funds. Furthermore, annual subrecipient reviews should be internally conducted to assess supporting documentation (including labor reports, receipts, invoices, etc.) for randomly selected invoices and/or transactions to ensure amounts invoiced are reconcilable, allowable, allocable, and reasonable. PREDICT's Operations Management team at headquarters will also strive to maintain frequent contact (daily to weekly) with administrative teams at each Consortium partner and with other subrecipients to provide guidance and support for their efforts to ensure compliance with applicable award terms and conditions.